

THE FASHION BUSINESS WEEKLY

Drapers

September 9 2006 £3.80

DRAPERS INTERVIEW: KILLICK DATTA, GBMI

LICENSED TO KILL

After fuelling the rise of Diesel footwear, which ultimately became a victim of its own success, GBMI boss Killick Datta has big plans for his new brands. He tells *Drapers* what he has in store



"I'm not really a shoe dog," draws Killick Datta, chief executive of US-based footwear supply business GBMI. He was born in 1959 in India, which couldn't be further from the old Northamptonshire footwear factories. While he may not be a shoe dog in the truest sense of the word, his enthusiasm and passion for the business definitely make him a stalwart of the sector.

After 25 years working in the industry for corporate footwear giants Skechers, Wolverine and Nike, Datta struck out on his own, opting to pursue the notoriously difficult footwear licensing route. It took him less than a decade to hit sales of US\$300 million (£160m).

He says: "When I started the company I had three choices. I could have bought a brand – but I couldn't do that because I didn't have the money. I could have started a brand of my own – but you need a lot of luck to come up with a successful one. The path of least resistance was licensing, which allows you to launch a new category for a brand that already exists in the marketplace. That's a lot easier than the other two options."

Luck still played an enormous part in the birth of GBMI. Datta pitched his idea to Diesel

founder Renzo Rosso in 1997. Almost 10 years later Datta admits: "He [Rosso] was out of his mind to give it to me [the licence]. I went to see him and told him his shoes sucked. I didn't want a company name or any employees when I met him. I spent four hours and 45 minutes giving him what I thought was going to turn out to be free consulting about his shoes. One month later he faxed a contract over. I very much owe it to Renzo that I'm here."

Datta's vision for the brand's footwear turned into a phenomenal success. One footwear expert says: "Prada reinvented the footwear industry when it put a formal upper on a sports sole and created fusion styling. Killick then took that to the masses with an accessible price point through Diesel."

Datta agrees: "When we launched Diesel there were two brands dominating the fashion market, especially in the UK, and those were Cat and Dr Martens. Sport fusion wasn't really around. We started it and Puma took it further. If Puma had already been in the marketplace when we launched, I don't think the market would have accepted Diesel. Timing has a lot to do with it."

"MOST OTHER LICENSEES JUST SLAP LOGOS ON EXISTING PRODUCT. WE PRIDE OURSELVES ON BEING A PRODUCT-LED COMPANY WITH DISTINCTIVE DESIGNS"

It was a look that spawned a million copies and its influence is still evident in the young men's fashion market today. Fortunately, Datta's authentic product commanded huge loyalty and was largely unaffected by copies.

Datta's success with the Diesel line was ultimately and ironically its downfall. In 2003, Diesel picked up the *FHM* award for Best Footwear Brand, but didn't win the award for Best Denim. Diesel's resonance in the UK market had become stronger in footwear than it was in jeans, which is understood to have worried Rosso. "It certainly got me into trouble," admits Datta, flashing a cat-that-got-the-cream grin.

The decision was made to take Diesel footwear's UK sales operation back in-house for autumn 03, but the termination notice period of two seasons added insult to injury. Benedetto, the then-distributor in the UK, but now defunct, flooded the market with product. One source says: "It was a case of 'have you got a till? We'll supply you'. And who could blame Benedetto? It was a massive revenue stream that was just going to disappear."

One former Diesel insider explains: "Killick is a genius. What he did was brilliant for us [Diesel], but at the same time he was the bane of my life. He lifted the brand in the UK, but the product was everywhere. It was a love/hate relationship and it was hard for Diesel to know what to do."

UK sales are understood to have reached £18m at the brand's height.

One former colleague argues: "Whatever people might say lack has nothing to do with our Killick's success. He is one of the most astute international businessmen I have ever met and he is a tireless, insane work machine."

Diesel subsequently culled a large number of its footwear accounts when distribution was taken back in-house. Datta says he understands the brand protection conundrum. "To be as large as Diesel and still be cool takes a lot of skill. Every licensor is different. Diesel is one of the most creative company's I've ever worked with," he explains.

Datta's relationship with Diesel is ongoing, but he no longer has global distribution rights and the new contract is convoluted and complex. He provides manufacturing and design expertise to Diesel for its casual athletic product, sells his own orders to distribute into the US market.

Datta remains at the forefront of the footwear licensing business and, in Diesel, has arguably achieved the most successful footwear license in recent times. Footwear licensing is a difficult business model to tackle and many companies struggle to achieve any significant success, both with market penetration and in financial terms. Clearly the fees involved eat into margin, but Datta says the difficulties are wider than contractual terms. "Most other licensees are essentially footwear manufacturers," he

explains. "They just slap logos on existing product. We pride ourselves on being a product-led company with distinctive designs."

"We've got to be able to make the product look different – we have to be able to translate the brand into commercial footwear product. We get approached by brands all the time to do their shoes. In our first day at WSA we had eight brands on the stand looking to do business with us."

"We don't have loads of money to advertise with – we're not one of those companies that sign up Michael Owen or Wayne Rooney. The product has to do the talking. When we deliver, it needs to retail very well. But at the same time we don't want product to be design drivers to the point that it's no longer commercial," he adds.

Datta has experience of a brand hopping. In 2003 he bought Pony and launched it to the trade to huge acclaim. One buyer says: "It had GBMI behind it. Diesel had disappeared for a lot of customers when it pulled back distribution. The product looked good and there was marketing to back it up. We thought Pony was going to fill the Diesel void." Retailers bought the brand, but it didn't sell through.

THE FASHION BUSINESS WEEKLY

Drapers

September 9 2006 £3.80

THE DRAPERS INTERVIEW: KILLICK DATTA, GBMI

◀ Datta says: "The best-selling Pony shoe was very similar to a Chuck Taylor [Converse]. Even though we sold a tonne of pairs, it was still a Chuck Taylor with a Pony logo and that made me uncomfortable. Every retailer bought the brand. We thought it was going to be an alternative to between Puma and Converse, but we miscalculated it. We forgot that the target 18- to 22-year-old customer wasn't even born when Pony was at its peak first time round," he explains.

Unlike many of his rivals, who throw money at problem brands and licensing deals, Datta quickly cut his losses and sold Pony to a Chinese manufacturer earlier this year. "I didn't think I could turn it around in a short enough space of time with the resources we had. If I'd had a spare US\$50m to US\$70m (£26m to £37m) to invest in it, maybe it would have been different."

Datta's enthusiasm for the footwear industry means he is not beaten, although the cost of the Pony debacle to GBMI was significant, not just in terms of cash but also – perhaps much more importantly – its credibility in the market.

Datta insists the Diesel tie up was not a one-hit wonder and explains that his comeback plans are ambitious. He is running three projects concurrently, which ironically follow three of his original routes to market – a brand creation, a licence and a brand acquisition.

The sexiest launch, and probably the one with the most potential in the UK, is the licence for 7 For All Mankind footwear. The brand will launch for autumn 07 with price points between US \$170 and US\$180 (£90 to £95) for shoes and US \$400 to US\$500 (£210 to £263) for knee-high boots. Both men's and women's footwear will be included in the initial launch, with kids' styles to follow at a later date.

Datta enthuses: "This is going to be the biggest single launch of a footwear brand we've ever done. The label is so hot it will sell. It's the number one denim brand for me. The 7 For All Mankind brand is about fit and sex, and the footwear collection is going to have a similar look to Sergio Rossi. Picture tight jeans and very sexy heels."

While there is no product to see as yet, Datta is clearly hanging his hopes on this launch. He has appointed a still to be announced "big name" international footwear designer who is based in the UK to create the range, and is setting up London offices to support the designer and their team. He is also understood to have appointed someone to spearhead sales in the UK.

One footwear boss says there is an appetite for 7 For All Mankind footwear in the UK. "It's had a lot more resilience as a denim brand than I expected," he says. "It's still selling well and is becoming a classic like a pair of Levi's, so maybe the brand does have enough elasticity to move into other categories."

Aside from the new licence, Datta has created Mehandi (pronounced Mu-hand-ee), a low-priced leather sandal range with a boho look inspired by henna tattoos. Retail prices are



CURRICULUM VITAE

- 1997** founded GBMI. He is still the sole proprietor
- 1993** president, international, Skechers
- 1992** president, Brooks Sports in Seattle, Washington
- 1990** president, Wolverine Worldwide International
- 1987** vice president, international and licensing, LA Gear
- 1984** director of international business development, Nike Inc
- 1979** business development manager, senior marketing, rising to inventory and research controller, marketing manager, Nike International

between US\$60 and US\$80 (£32 and £42) and the label is primarily aimed at independents. While New Look can churn out similar styles for about £20 or less on the high street,

Mehandi is designed to give independents similar options on style, but with an authentic "handmade in India" marketing package.

"Mehandi was a textbook reaction to the marketplace. We bought a flip flop brand called FunFlopp last year and everyone was buying into the leather sandals in the range, which didn't really fit with its brand ethos, so we created Mehandi to fill that."

The third project, while not strictly a launch, is the revamp of premium label Dry-Shod, which Datta acquired in 2003. The brand had success in the UK with its iconic turned-up toe style in the late 1990s, but has not caught the imagination of buyers in recent times. High price points have been the main obstacle to mainstream success. Datta has responded by creating a sub-brand called Nomass by Dry-Shod, which will retail for less than €100 (£67).

Datta also has the XOXO and Nautica brands under licence, but these do not sell in the UK. "XOXO fills a role in the US, but everyone in the UK from Dolcis to Ravel has the same old shoes in store, so I'm not sure how XOXO fills the fold in the UK," Datta explains.

Another licensing deal with a young fashion brand is imminent, says Datta, although he will not be drawn on detail. A former colleague says: "Killick has made a major contribution to

the footwear industry. His strategy to build a multi-brand group rather than stretching an individual brand has led other footwear suppliers to follow suit. If anyone can make this work it is Killick."

Datta has also dipped a toe into retail with the launch of branded footwear concept Global Feet, which stocks all of the GBMI brands. It is unclear how the concept could translate into the UK market, but Datta says there is scope for a small international roll out.

He says: "We'll open two stores in India at the end of September and two in Dubai at a later date. We're growing retail one step at a time. If we get a little more money we might buy a chain, but our goal is not to become a major retail player. We're primarily a wholesaler and this is just a way to showcase our product."

The success of Diesel may have been some time ago, but Datta quite rightly says: "We're the largest footwear supplier to Nordstrom and Finish Line [a 650-store US retail chain], yet we're not even on Nike's radar."

It is ironic that Datta cites Nike as being unaware of his presence, given that the sports giant gave him his first job in the industry in 1979. His sales roles at Skechers and LA Gear, two of the first footwear brands to hit sales of US\$1 billion (£526.8m), did nothing to temper his ambitious spirit. Datta's goal for GBMI is just as ambitious – to create his own billion dollar footwear empire.

JESSICA PRICE BROWN